

Idaho's CEOs rake it in

WGI, Micron, AMI execs are state's best-paid, earning a combined \$14.5 million in 2006

By Ken Dey - kdey@idahostatesman.com
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With former Albertsons CEO Larry Johnston out of the picture, there's a new money-leader in the Idaho CEO world.

Steve Hanks, Washington Group International's president and CEO, nabbed the top spot in an Idaho Statesman survey of 12 publicly traded companies based in Idaho. Hanks earned just over \$6.7 million in 2006, with most of his pay coming from stock awards and incentive payments, company records show. His base salary was just under \$877,000.

Johnston had owned the top spot since 2001, but last year's sale of Albertsons to out-of-state SuperValu ended his reign. In 2004, the last year the company filed a proxy statement, Johnston earned a little more than \$8 million.

Steve Appleton, Micron's chairman, president and CEO, is No. 2 with pay of \$5.76 million — a 150 percent increase from the previous year. Appleton got a handsome pay boost in the form of \$3.7 million in restricted stock — a gift that can be sold after a vesting period.

Rounding out the top three Idaho CEOs is Christine King of AMI Semiconductor in Pocatello. King earned just over \$2 million.

Idaho's lowest-paid CEO was James Cleary of Meridian-based MWI Veterinary Supply, who made just over \$314,000.

Washington Group said its pay for Hanks and other executives is tied closely to performance and meant to "align executives' interests with those of the shareholders."

On that front, it's unlikely WGI stockholders will have much to complain about in regards to Hanks' pay.

Since the company emerged from bankruptcy five years ago, net earnings and stock price have quadrupled. Hanks also helped broker a deal last month to sell WGI to San Francisco-based URS Corp., which added yet another premium to the company's stock price, bringing it well above \$80.

Micron's Appleton also has helped improve the company's performance. The company continued to make a profit in 2006, but unlike WGI, Micron couldn't budge the price of its stock. In early 2002, Micron's stock was trading in the mid \$30s, but on Monday the stock closed at \$12.55 a share.

Tying pay to performance has long been a demand from shareholders, said Alexander Cwirko-Godycki, a research manager with Equilar Inc., a compensation research firm in San Mateo, Calif.

Most Idaho companies surveyed have provisions in place that tie performance to a certain percentage of an executive's compensation.

Cwirko-Godycki said it appears that more companies are taking that route.

His company completed a survey of companies in the S&P 500 earlier this year that found 61 percent of the companies granted equity awards with performance-based vesting features.

Most Idaho's CEO salaries look much bigger this year, but that is largely due to a change in the way the government requires publicly traded companies to report executive pay.

Starting Jan. 1, the Securities and Exchange Commission required companies to assign a dollar value to stock options and to disclose more details about other compensation CEOs receive. The new rules also require companies to better explain what performance targets executives must hit to receive incentives.

The changes often boosted reported pay levels significantly — and made it much harder to compare salaries from previous years. In 2005, for example, WGI said Hanks earned less than \$4 million, but that didn't include the value of his stock options.

Micron, however, reported its pay before the new requirements went into effect, so it's easier to compare Appleton's 2006 pay with 2005.

"Overall the level of transparency in disclosure increased tremendously because of the new rules," Cwirko-Godycki said. "It's less of a black box than had been there in the past."

The Statesman's survey included Idaho companies that trade on the New York Stock Exchange, Nasdaq or American Stock Exchange.

This year for the first time, the Statesman used a method developed by The Associated Press to report total pay more clearly than the SEC requires, so the totals may differ from what the companies report. WGI said Hanks earned nearly \$5.9 million.

Pay for CEOs continues to rise. An AP review of CEOs in the Standard & Poor's 500 found that half of those CEOs make more than \$8.3 million a year. No Idaho CEOs made the top half.

A recent report by the Congressional Research Service found that CEOs make, on average, 179 times as much as average workers do.

That is almost double the 90-to-1 ratio in 1994.

Idaho Commerce and Labor reports that the average Idahoan makes \$30,586, or \$14.70 an hour.

Clearly, Idaho's lowest paid CEO, makes nearly \$151 an hour. Breaking down Hanks' pay to a 40-hour-week puts him at nearly \$3,229 an hour.